

FOREST PRODUCTS AMENDMENT BILL 2004

Second Reading

Resumed from an earlier stage of the sitting.

The DEPUTY PRESIDENT (Hon George Cash): I call on Hon Bill Stretch to continue his remarks.

HON BILL STRETCH (South West) [2.01 pm]: I thought I had finished, but so as not to disappoint the House, I indicate that I also support this Bill.

HON KIM CHANCE (Agricultural - Minister for Agriculture, Forestry and Fisheries) [2.02 pm]: Mr Deputy President, I had started on my comments, but I thank you for giving me a moment to collect my thoughts. Prior to question time I touched on the overall philosophy of the Bill, which is quite simple. It will provide the opportunity to let contracts that exceed the current tight time frame of 10 years. The Bill will extend that time frame to 25 years, which will provide investors in this part of the industry with time to amortise their capital expenditure and to get their business structure on a sound footing.

Hon Barry House put this Bill in its full context by commenting on the native forest industry. I have noted his comments. Those matters have been discussed over the past couple of days. Hon Barry House clearly identified the fundamental intent of the Bill, which is to provide some certainty for this industry. I agree with Hon Barry House that this industry has been beset with uncertainty and by time frames that have ended up being much shorter than they were intended to be. Those factors have to some extent shaken the confidence of investors, and their financiers, in this industry. One of the key reasons for this Bill, as was also identified by Hon Chrissy Sharp in her reference to the investment security guarantee process in the native forest industry, is to try to re-engage some investor confidence in the industry. That is a very important issue, and I thank both those members for recognising that.

Hon Barry House also noted that the plantation industry is now dominated by three very large state agreement Acts. This brings into focus the way in which the plantation industry works. Those three state agreement Acts account for between 800 000 and 900 000 cubic metres of timber each year and are the dominant presence in the industry. It serves our interests to touch for a moment on why state agreement Acts have been such an important part of this industry. We all accept that state agreement Acts are a normal part of the process in the resources development area. However, that does not mean that we should automatically do the same thing in the forestry industry. The fundamental reasons for state agreement Acts are probably manifold. However, one of the fundamental reasons is that overseas investors - Asian investors in particular, although not exclusively - tend to look very closely at whether the investment opportunities that they are offered in a resource-type development have some degree of government backing. Therefore, in the case of an investment that requires overseas involvement, either directly or more passively, those foreign investors tend to look strongly towards that expression of government support that they believe a state agreement Act exemplifies, because to them it is a matter of great importance.

I have defined a state agreement Act in this place previously. To me a state agreement Act is an Act of Parliament that allows people to do things that without the existence of that Act of Parliament would be illegal. That is my own shorthand definition of what a state agreement Act is. Basically it allows a broad range of issues to be rolled up into a single desk type practice, and for those issues to be sorted out within the contract that forms the basis of the state agreement Act, which in turn becomes law once it has passed through both Houses of Parliament. There has increasingly been a reluctance to employ - or to overemploy, depending on one's point of view - the device of a state agreement Act in anything other than investment opportunities that are either very large or require substantial overseas investment; and by "very large" I mean generally over \$100 million in capital expenditure. The first of those two elements is generally the more important. The kind of investment that we are looking at here - this goes some way towards addressing Hon Chrissy Sharp's question - is generally of the order of \$10 million or less. I am talking now about the Act, not the Bill. These are investments of a much smaller scale. In the examples that have been given, they tend to be investments that are based on the use of material that would otherwise have been wasted - the salvage of material and its application to higher economic use.

However, there is another issue about state agreement Acts and smaller operators. One of the issues that has emerged is that, of those businesses that are competing for access to that limited resource that we know as our plantation resource, the smaller Australian-owned companies, one of which that I am aware of has sought the security of a state agreement Act, have argued to us, and I believe argued cogently, that, relative to their competitors, which are in the main foreign owned, they are disadvantaged in that their foreign-owned competitors have state agreement Acts and they have only contracts. They have argued on this basis: if there were an act of God that denied the capacity to supply everybody, whom would the Government cut the limb off first? Would it cut off the limb of somebody who has an Act of Parliament guaranteeing his security, or would it cut off the limb of somebody who has only a contract? This is a matter of great concern to a number of people.

Of course, that issue is not addressed in this Bill, but it is one that members of Parliament need to be conscious of as we deal with the questions that surround the resource base that we have. In point of fact, it is only about perception, because the legal imperative that is placed upon government to honour its contracts is as great, in my view, as that which causes the Government to honour the obligations established under an Act of Parliament. However, not everybody would see it that way.

Hon Barry House: I'm sure you would get an argument from some lawyer somewhere.

Hon KIM CHANCE: Yes. However, the imperative is at a high moral level and at a very high political level. Once we get to that kind of political level, I do not think any Government would waltz on a legal contract any more than it would fail to comply with its legal obligations caused by an Act of Parliament. However, that issue is out there and is not only in the minds of the proponents of these investments, but also, perhaps more particularly so, in the minds of their financial supporters - the very people to whom they need to go to gain the money to make these investments.

Hon Barry House also asked me a question - it was repeated, in a sense, via the question asked by Hon Bill Stretch - to this effect: in terms of resource security, is there a watertight guarantee that the Environmental Protection Authority, or somebody else, cannot come along later and affect the operation of the plantation in such ways as to prevent harvesting? However, the example was not limited to that. Hon Barry House also asked what would happen with the late discovery of a rare species, for example. I will attempt to answer the question because it is an interesting one. However, members need to cast their minds back to the debate we had on that trilogy of Bills that we put through in 2002; namely, the Tree Plantation Agreements Bill, the Carbon Rights Bill and the Acts Amendment (Carbon Rights and Plantation Agreements) Bill that went with those two Bills. This issue was debated at some length within the context of those three Bills that were debated together, because they relate very closely to each other. I had thought that those guarantees existed in the Tree Plantation Agreements Act. However, when I quickly cast my eyes over the Act this afternoon, I could not find quite what I was looking for. I suspect that the guarantees exist in the third of that trilogy; that is, the Acts Amendment (Carbon Rights and Plantation Agreements) Act, which was passed on that basis. However, the effect of that trilogy of legislation, which fundamentally provided a basis for the operation of tree plantations in Western Australia in the future, was a guarantee of harvest stability through the code of practice arrangement that was established. Under the provisions of that legislation at the time, the guaranteed right to harvest does exist, provided that the plantations' code of practice is followed. That plantations' code of practice is a component of that legislation. Similarly, the Acts Amendment (Carbon Rights and Plantation Agreements) Act, which was passed with that trilogy of Bills, made consequential changes to the Environmental Protection Act so that the Act reflects the impact of the code of practice. Although that question is interesting, it is not relevant to this Bill. Technically, the answer to the member's question is that the amendment we are proposing to the Forest Products Act has no bearing on the question of a legal right to harvest. However, I thought it would be instructive to refer the House to that debate on the trilogy of Bills.

Hon Christine Sharp: Does that trilogy refer to different land? This particular amendment Bill applies to a restricted area of land, which is basically government-owned land, whereas the Tree Plantation Agreements Act and the reassurances that went into that legislation dealt with privately owned land.

Hon KIM CHANCE: Indeed. I made the point that that situation does not change as a result of the provisions of this Act. However, since the matter had been raised, I decided to comment on it. The question that has been raised is, in a sense, whether we can provide ironclad guarantees about the harvest stability of plantations generally. The answer is that we can, although people must understand the limitations on the nature of that ironclad guarantee. However, in the specific instance Hon Barry House used as a point of illustration, whereby a plantation was deemed to be the home of a rare or endangered species of plant or animal, the overall and overarching provisions of the Environmental Protection Act would apply. It would apply whether we were talking about banning the harvesting of a tree crop or a wheat crop. The type of crop makes no difference when considering impinging upon a person's rights; the overall provisions of the Environmental Protection Act would apply. However, in regard to the usual conduct of a plantation, the ironclad right to harvest is catered for, in my view, within the code of practice contained in that legislation. If a rare animal is found to be living in a plantation, provisions apply just as though the animal was found on any other type of land. There would be restrictions on what could be done if the proposed actions to be taken could damage the animal or plant.

Hon Christine Sharp: What about the case Hon Bill Stretch referred to regarding the control of ground water tables that would require plantations to remain to stabilise ground water for salinity reasons? The question in that circumstance is: what would be the liability of the State and how would these contracts -

Hon KIM CHANCE: The right to harvest is unencumbered by that. There might be some involvement of the Government if the plantation had to be re-established on that land or if the way in which harvesting needed to be carried out to maintain the water balance had to be detailed. I do not think the absolute right to harvest can be

impeded, and certainly the Government would be very careful about sending out messages that the right to harvest can be impeded for whatever reason. However, I think there are other ways that we could handle a question such as a water balance issue, which could well apply. I do not think that is a blue-sky hypothetical at all. Indeed, the very reason we are establishing and seeking to facilitate the establishment of plantations in the west Midlands region is to deal with the rapidly rising watertable we have. However, we know that quite young plantations very quickly have a positive impact on that water level. At the point of removal of a plantation forest and the replanting of a forest quite soon after that removal, it is highly unlikely that there would be a negative move in watertables. To give members some idea of the rate at which the watertable is moving in that part of the world, given that here in Perth we are used to trying to deal with questions of a falling watertable and how that impacts on the environment in our coastal wetlands, individual cases have been recorded of rises in the watertable of 10-plus metres in a 15-year period. It is quite dramatic. This is why brand new lakes spring up all over the place. This is the very area in which we need to control that water and get it below the watertable. We know how to do it. The tree farmers in the area, along with the Forest Products Commission and, before it, the Department of Conservation and Land Management, have shown very effectively through their trials how the water movement in the area can be balanced. This Bill will play a very small but important part in enabling the FPC, tree farmers and the FPC's commercial arm, Infinitree, to get on with the encouragement of tree plantations in that particular area, which is a target area.

Hon Barry House: It is actually pretty important because the time frame for the realisation of the asset for investors is often put back if they are directed towards an area where their plantation timber is to be grown, rather than a preferred area where it would grow faster. All in all, the environmental benefits should show them that as well.

Hon KIM CHANCE: Yes. Generally, trees will grow best where the conditions are best and that tends to be areas where the watertable is very close to its highest. There is a limit on that of course. At the base of a typical valley profile in the west Midlands can be found a fresh or becoming saline lake, then an area of reeds, then an area of broombush or melaleuca-type volunteer and then an area of semi-damaged pasture. Just beyond that is the point at which the pines can be planted, and that is about a quarter of the way up the valley itself. Often the surface water areas - lakes - are at the end of quite a long and relatively narrowly defined valley. That sets out very easily - it can be seen even with an educated eye - that that is the place where the trees need to go in if that water is to be dried up. There is another very good reason for getting that water down below the surface again. It is very fresh when it wells up to the surface. However, as the area is subject to very high evaporation rates - Moora has higher average summer temperatures than Carnarvon; it is quite a high temperature environment - those fresh lakes very rapidly become salt lakes, and that is something that we do not want to happen.

Hon Barry House: However, it is a fact that a lot of blue gums have been planted in areas of the State where they have not achieved the maximum environmental benefits, simply because they grow better in land that probably should be better used for other purposes.

Hon KIM CHANCE: Yes, and to some extent *Pinus radiata* is the same; radiata pine prefers better soil. *Pinus pinaster*, which is currently the Forest Products Commission's key plantation target, particularly in that area, is highly soil selective. However, it is soil selective at the other end of the spectrum; it carefully selects the worst soil one can imagine - the deepest, poorest and most nutrient and water deficient. The most useless country on earth is where good old *Pinus pinaster* - maritime pine - gets going. It has a strange growth pattern; it grows quite slowly until it gets to about year five, when the roots are at about five metres in depth. It then hits that five-metre line where water and fertilisers have also settled, which the poor old farmers have applied for years with no result. It surprised the farmers, as they thought it had gone all the way through to China, which is about where the subsoil in this area is! When it hits that five-metre mark with fertilisers and water, it is then subject to very rapid growth. That rapid growth has caused problems and led to double leaders forming in some circumstances. The FPC has had to reconsider its breeding program to try to slow down the growth of the tree at that crucial point. Nonetheless, it is certainly a tree that has a tremendous capacity for using some of the poorest country in that region. That has two benefits. The first benefit is a very effective use of very poor soil that probably should never have been cleared in the first place. Secondly, it militates against the kind of fence-to-fence block planting that has occurred in the south west and Tasmania. Society's structure has been altered to some extent by block planting, and not always in a positive way. Being as selective of poor soil as *Pinus pinaster* is means that the best agricultural soil will remain in agricultural use, and only the worst agricultural soil will be taken out. We will, therefore, see some real integration of the systems for probably the first time in Western Australia's plantation history. I am digressing a little too much.

I will now respond to the issues raised by Hon Christine Sharp. The honourable member expressed concern about the extension of the capacity to contract, specifically about the FPC's track record and its profitability. Hon Christine Sharp also expressed concern about the profitability, and current and historical management of the plantation sector. I accompanied Dr Sharp to look at some of the issues that had arisen around older radiata pine

plantations. From what I saw, there was evidence that had there been better management historically and to the present time of the pine plantation asset - some of which in the area we visited was about 50 years old - there would be a far more valuable resource and a far greater capacity to create jobs than there is currently. Much of that very old resource, as Hon Dr Sharp indicated, has grown massive branches and is of too low a quality and value for the local industry. Some of those logs have been exported. A good opportunity was taken to export them through the Pentarch contract. Frankly, they were not intended for use in Western Australia and the sooner they were off our plantation estate, the better. It is sad that our management has not been as good as it should have been.

Acknowledging all that, this Bill is a small part of a much more involved process to move towards more professional management of our tree plantations. Professional management requires investment and it requires people's ideas; that is, people getting excited about what can be done with such an asset. None of those things can be achieved unless one has the investment in the field in the first place, and an impediment to investment in the past has been a limitation on the amount of time people had to amortise their capital expenditure. In that regard, the Bill is presented not as the whole answer, but as an important step in a process to achieve greater professionalism. I think we have failed generically in the past because profits have not permitted the foresters who had control of the plantations over the years to put the investment into plantation management that should have been made. I think we can accept that and try to get on with life.

Hon Dr Chrissy Sharp asked about the application of provisions of the Bill and how they would apply to the lower order of contracts. She asked what that means. I have answered that question in part. Generally, state agreement Acts are confined to large ventures worth \$100 million plus. Most of these locally owned plantation ventures would be smaller than the state agreement Act requirement. Looking for this kind of security are not only the primary entrepreneurs, but also their financiers. They cannot borrow the money without offering the lender some kind of longer term security. Going to a financier with a 20-year agreement is much more convincing than with a 10-year agreement.

We had a lot of interesting comments about the sandalwood industry. I am not sure they were relevant, although they could be. About two-thirds of our sandalwood output is dead sandalwood and about one-third is live. We are entering into a new range of silvicultural practices that have been moderately successful. The application of silvicultural practices, no matter how good, will not ensure the survival of sandalwood in our traditional rangelands when goats come along and eat it the following day. The existence of goats in our rangelands is the greatest threat to sandalwood. However, I am pleased to note that the Forest Products Commission is entering into partnership arrangements with pastoralists to manage sandalwood and goat incursion. Some significant investments have been made on individual stations under contract of management arrangements with pastoralists. The most recent of these was at Yerilla station at Leonora. The arrangements with Yerilla have involved putting in total grazing management trap yards and replacing plain wire fencing with ring-lock fencing and totally excluding goats from contracted area. It is the responsibility of the pastoralists under the contract of management to totally exclude goats from the area. Although the program is only a couple of years old, it is already showing some quite spectacular results. Given the increasing value of sandalwood, in many ways this will be a better outcome for pastoralists than the traditional sheep enterprises, although they are not barred from running cattle or sheep on this country. The only animal they are required by the contract to exclude is the goat.

Hon Simon O'Brien: Baa!

Hon KIM CHANCE: They are also barred from running sheep. Hon Chrissy Sharp asked me to elaborate on how the State's liability is affected, defined or limited in the provisions of a contract. How are those things done within the scope of the contract? The best way that I can explain this is that about two-thirds of those things we would be concerned about managing in the definition, liability and limitation of liability are covered under the general legal term "force majeure". The specific issue of bushfire was raised by Hon Barry House. A bushfire can very clearly be included within the scope of a force majeure clause if the contract has force majeure provisions in place. Fundamentally, anything can be written into a contract, although it is argued just as effectively that the more one puts into a contract the more one limits its capacity. A contract can be drawn very broadly and in very general terms. It can also be drawn very specifically. It is an issue of contract law, but the limitations on what can be included and provided for in a contract are few indeed. A contract can be worded in such a way to provide all the protection and coverage to the parties that is sought.

Hon Chrissy Sharp asked a question about the competitive processes in the availability of contracts, noting that nothing in the Bill guarantees that competitive processes will occur. That is quite correct; nothing in the Bill specifically provides for those competitive processes. Those guarantees exist on an across-government basis. That is proper and appropriate because we should have a consistency in that process. They fall within the ambit of the State Supply Commission. We have consulted with the State Supply Commission on this matter and we have taken other advice more broadly. The process of insuring that the whole-of-government system has an

open and competitive basis needs to be guaranteed at an across-government level. It should not be specifically provided in individual Acts of Parliament. Hon Chrissy Sharp also referred to discussions that we have had on the openness of the process. I am pleased to advise that I have just been handed the proposed words for the amendment to put that into effect. That is something that we will deal with when we deal with clause 7 of the Bill.

Hon Bill Stretch sought assurances that the contract cannot be overridden for environmental purposes. I believe that I have covered that in the answer I provided to the question from Hon Barry House. Hon Bill Stretch also sought advice on our capacity to deliver supply contracts for the Lignor Pty Ltd proposition in Albany and asked if we do in fact have the resource. My answer to that is that the indications that the Forest Products Commission has provided to Lignor are that in general terms we believe that we will have and that there is a resource out there. However, to be more specific than that, I must add the rider that this is still in development. We need to determine just exactly what species we require, or what species Lignor requires, and what specification is required within those species definitions.

Hon Bill Stretch: They have outlined them to me; have they not outlined them to you?

Hon KIM CHANCE: Work is still being done on how those will be defined, what haul distances we are talking about, and how the specifications might be changed, according to the amount of blue gum they are able to obtain from private sources, as well as how one might match in with the other. There are still all kinds of issues there. I still feel confident that we will be able to meet Lignor's specification, but I cannot give guarantees on that.

Hon Bill Stretch: It is still a bit in the future, then.

Hon KIM CHANCE: It is all still a bit in the future, as the Lignor project is still a bit in the future. It is a process in development, and I feel quite comfortable with finding the resources for Lignor, although I am not in a position to give guarantees at this stage.

I need to correct something I said earlier. I was assured earlier that the ratio of dead-to-green harvest was one-third dead and two-thirds green, but I am now advised that it is actually 40 per cent dead to 60 per cent green.

Hon Christine Sharp: Does that refer to sandalwood?

Hon KIM CHANCE: Yes; to sandalwood.

Hon Christine Sharp: Why are there so many dead trees?

Hon KIM CHANCE: Sandalwood has a defined life. It is a species of acacia, which is not a long-lived tree. Once they are dead, there is nothing to rot them; they are virtually rot-proof. The dead tree stays in the ground for a very long time because it is not particularly open to termite attack.

I think that covers all of the issues that have been raised. I am happy to say that, when we go into committee - which we are required to do to deal with amendments - I now have the proposed amendments before me that will deal with the issues raised by Hon Christine Sharp in her contribution. I will close by thanking honourable members for their support. This is an important step forward in the plantation industry; not one that, in itself, will achieve everything we are aiming for, but nonetheless an important step towards the more professional level of management of both private and public forests that we all look forward to.

Question put and passed.

Bill read a second time.

Committee

The Chairman of Committees (Hon George Cash) in the Chair; Hon Kim Chance (Minister for Agriculture, Forestry and Fisheries) in charge of the Bill.

Clauses 1 to 6 put and passed.

Clause 7: Section 61 amended -

Hon KIM CHANCE: I move -

Page 5, after line 2 - To insert -

- (5) The Minister, within 28 days of -
 - (a) entering into a plantation contract for a term exceeding 10 years; or
 - (b) granting a right to renew or extend, or renewing or extending, the term of a plantation contract beyond 10 years from the date of commencement of the original term,

is to cause a copy of the contract, grant, renewal or extension to be laid before each House of Parliament or dealt with in accordance with section 69.

The CHAIRMAN: That amendment should be made to clause 6.

Hon KIM CHANCE: That is why I was lost.

The CHAIRMAN: Indeed; the Leader of the House has assisted the committee generally. Clause 6 has been passed so we will recommit.

Clause put and passed.

New clause 4 -

Hon KIM CHANCE: I move -

Page 2, after line 9 - To insert the following new clause -

4. Section 10 amended

Section 10(1) is amended as follows:

- (a) after paragraph (s) by deleting “and”;
- (b) at the end of paragraph (t) by deleting the full stop and inserting a semicolon instead;
- (c) after paragraph (t) by inserting the following paragraphs —
 - “
 - (u) to provide services relating to the establishment, maintenance, management, harvesting and marketing of tree plantings, and products from tree plantings, on land that is not public land, and to charge fees for the provision of those services;
 - (v) to provide equipment, facilities and systems associated with the performance of a function referred to in paragraph (u), and to charge for that provision; and
 - (w) to promote and market the Commission and its activities.
 - ”.

People may well ask why this provision was not in the Bill in the first place. Although it deals with a different matter, it is entirely consistent with the intent of the Bill. Effectively, the Government was not aware that the Forest Products Commission did not already have this power. It was always assumed that the FPC would have the power to manage plantations for third parties. It was not until issues arose in a business sense from the Infinitree process and in relation to expressions of interest from investors that it became obvious that, although the FPC has, within the powers of its Act, the capacity to manage plantations on its own land and on share-farmed land, somehow it did not go to the third aspect of how it should manage plantations for third parties. We have all come to the view that it has the capacity to do this. Indeed, activities that have been carried out in the past have been done entirely legally because they have been done under the provisions of the Conservation and Land Management Act, which goes back to my understanding of the point raised by Hon Barry House earlier. We always assumed that the FPC had those powers. I do not know why they do not exist. To find out we would have to refer to the original debate on the 2000 legislation that split CALM. It appears simply that these circumstances were not anticipated or it was left out in the process. The FPC must have the capacity to manage plantation investment on behalf of third parties, something that CALM has been doing for years and that the FPC has been doing, presumably under the legal auspices of the CALM Act.

Unless another issue arises, there is nothing for me to add. Fundamentally, the amendment will allow forestry expertise to assist private plantation development. That has always been available to, and successfully managed by, a state agency. The amendment will facilitate important developments and benefits for the State.

Hon CHRISTINE SHARP: The Greens (WA) are pleased to support this amendment and to see an extension of the functions of the Forest Products Commission in this way.

New clause put and passed.

New clause 8 -

Hon KIM CHANCE: I do not know whether we have too many alternatives, Mr Chairman, but it does not make a whole lot of sense to deal with new clause 8 until clause 6 has been amended. I understand that new clauses

are in this order for a reason. It would be better for us to report progress, recommit clause 6 and then deal with the new clause, if that is in order.

The CHAIRMAN: The problem is that when we recommit we can only recommit for further consideration of those matters that have been considered. I agree in procedural terms, but we would have to recommit clause 6, deal with it and go back. It may be that the Committee of the Whole is prepared to accept the insertion of new clause 8. Perhaps the minister can talk generally about its effect on clause 6.

Hon KIM CHANCE: I will go along with that, Mr Chairman, if you are game. I am prepared to make a fool of myself by moving a clause that may become totally redundant in the event that the recommittal is not successful. I move -

Page 6, after clause 7 - To insert the following new clause -

8. Section 69 amended

Section 69(1) is amended by deleting “or 36(4)” and inserting instead -

“ 36(4) or 58A(5) ”.

Section 69 of the principal Act relates to supplementary information on laying documents before Parliament. This is no more than a necessary mechanical adjustment to take account of the changes that will be proposed in the amendments to clause 6. It is entirely mechanical, but it is nonetheless necessary otherwise one clause would contradict the other. I propose that we deal with the new clause in the hope that clause 6, when we come back to it, will be dealt with affirmatively by the Committee of the Whole.

Hon BARRY HOUSE: The Opposition supports the insertion of this new clause on the assumption that it will, in due course, support the proposed amendment to clause 6, which deals with the laying of copies of contract details before the House of Parliament.

New clause put and passed.

Title put and passed.

Bill reported, with amendments.

Recommittal

On motion by Hon Kim Chance (Minister for Agriculture, Forestry and Fisheries), resolved -

That the Bill be recommitted for the further consideration of clause 6.

Committee

The Chairman of Committees (Hon George Cash) in the Chair; Hon Kim Chance (Minister for Agriculture, Forestry and Fisheries) in charge of the Bill.

Clause 6: Section 58A inserted -

Hon KIM CHANCE: I move -

Page 5, after line 2 - To insert -

(5) The Minister, within 28 days of -

- (a) entering into a plantation contract for a term exceeding 10 years; or
- (b) granting a right to renew or extend, or renewing or extending, the term of a plantation contract beyond 10 years from the date of commencement of the original term,

is to cause a copy of the contract, grant, renewal or extension to be laid before each House of Parliament or dealt with in accordance with section 69.

As has been discussed in both the second reading debate and in committee, the principal effect of the amendment is to enable a copy of contracts formed under the provisions of the Act to be laid before each House of Parliament and dealt with in accordance with section 69 of the principal Act. This will apply to not simply the first contract but also contracts that are renewed or extended.

Hon CHRISTINE SHARP: I am very grateful to the minister for moving this amendment to the new provisions for plantation product contracts. It is a small move towards greater public accountability in the long-term commitment of important public resources. The public availability of reports through their tabling in Parliament is the bare minimum in that regard. I thank the minister for addressing my concerns in a concrete way by moving this amendment. Could the minister tell me whether this perhaps breaks new ground for timber contracts? I am not aware of provisions in either the Conservation and Land Management Act or the Forest

Products Act that require any measure of accountability in this way. The minister is doing something that is groundbreaking in that sense. I thank him for that.

Hon KIM CHANCE: It is groundbreaking, but it is perhaps not the huge leap that might be imagined. For example, I understand that this is a requirement for contracts for plantation forests that are let in state forests on public land. That is already a requirement. We need to bear in mind that we are talking about a new form of contract, because this provision applies only to contracts that exceed 10 years. Contracts of that nature are generally accessible, but they are not tabled in Parliament. They are public to the extent that if access to them is sought, it can be gained. They are not tabled at this stage and I am not aware of any others that are required to be tabled in Parliament. It is a step forward. It is not a giant step forward, but it is a step towards transparency.

Hon BARRY HOUSE: The Opposition supports this amendment. We concur with Hon Christine Sharp that this will improve accountability by letting the Western Australian public know, through the Parliament, what is happening to major, publicly owned resources.

Amendment put and passed.

Hon BILL STRETCH: On the whole question of clause 6 and the management plan, as a result of the Bridgetown fire I want to raise the question of fire management, as opposed to plantation management. Even though the two go together - I think we have been down this track before - the indication was that the Forest Products Commission had no major equipment for the management of fire in those plantations and that the Department of Conservation and Land Management took over responsibility for that. Will that situation continue to exist or does this Bill mean that the Forest Products Commission also must build up its own fire management program?

Hon KIM CHANCE: Most of the expertise and management of the fire event that the member is referring to came from the Forest Products Commission, although the FPC has also purchased -

Hon Bill Stretch: I was there.

Hon KIM CHANCE: Of course the member was. I was there some days after the fire. The Department of Conservation and Land Management was still on the job. The FPC purchased fire services from CALM but it also provides its own. I think it is likely in the short term that the arrangements that have existed for some time will not change. The arrangements have existed at times uncomfortably because there is still an issue about how firefighting resources can best be allocated, and we are still working through that to resolution. In the longer term I am certainly hopeful, particularly after the Auditor General's comments recently, that we will be able to address the issue, although the Auditor General did not go to this question. Accepting his comments generally, I think they were very sound. We need to be more strategic and focused about the way in which our firefighting services are organised. Hopefully we can do that without annoying some of the stakeholders who make such an enormous commitment to firefighting on a voluntary basis. I think some skills will be required there. I do not think we will see any change in the short term, and certainly not as a result of this amendment. However, in the longer term these matters will be resolved in a more efficient way.

Hon BILL STRETCH: I want to follow up the question of fire management. It gets very difficult when a fire is jumping between crown land, CALM land and back into forest. Such land often borders private farmland. The people who had to back-burn and protect, ultimately, the town, were the volunteer brigades working in a pine plantation. They were fighting the fire that was coming from CALM land. I happened to be fairly close to it.

Hon Kim Chance: In the middle of it?

Hon BILL STRETCH: Not in the middle of it, thank God. I am too old for that! It underlines the difficulty and, to some extent, the urgency of the issues raised in the Auditor General's report. I thought it was important to raise the question here because it is probably one of the prime issues that needs sorting out before this summer. It is happening everywhere. There is so much plantation land, although not all CALM or government land, adjacent to reserves and farmland. As the minister pointed out, it is not so much a criticism as a major point of uncertainty that needs to be settled as quickly as possible.

Clause, as amended, put and passed.

Bill again reported, with a further amendment.

Leave granted to proceed forthwith through remaining stages.

Report

Report of committee adopted.

Third Reading

HON KIM CHANCE (Agricultural - Minister for Agriculture, Forestry and Fisheries) [3.09 pm]: I move -

That the Bill be now read a third time.

I will speak briefly to the motion. I hope this does not set an example for anyone else. I am doing this simply because I referred to one of the trilogy of Bills and I now have the appropriate reference. It is to be found in the Acts Amendment (Carbon Rights and Tree Plantation Agreements) Act 2003, at section 7 - section 4A inserted. New subsection (1) states -

In subsection (2) -

“code of practice” means a code of practice approved by the Commissioner -

In this case the Commissioner for Soil and Land Conservation -

and published in the *Gazette*;

HON CHRISTINE SHARP (South West) [3.10 pm]: Now that the Bill has been amended I want to remark on what we have done by extending the provisions for longer term resource security. I note the comments made by the minister about changed circumstances that will sometimes affect the application of these contracts. This minister, at least in the first instance, will be applying these new provisions. It is absolutely critical that the contracts be constructed in such a way that they will provide the State with the flexibility that may be necessary in a range of circumstances that we have touched on during the debate this afternoon. This is very easy to overlook in the haste of securing a deal, as it were, that we may later regret. I urge the minister to bear that in mind when he puts these provisions into practice.

Question put and passed.

Bill read a third time and transmitted to the Assembly.